

Overview

Introduction

Americans depend on safe, efficient, and secure transportation systems. Whether we travel on roads, boats, rails, or in the air, we rely on our transportation systems to get us where we need to go. These same systems play a supporting role in our national economic well being, making it possible to move goods from place to place -- ensuring our continued success in the global marketplace. The Department of Transportation (DOT) works in tandem with our transportation systems by providing leadership and guidance on behalf of the public.

The Department's 2003 budget totals \$59.3 billion. This represents an overall increase of \$4.7 billion or 8 percent when adjusted for the reduction in highway funding required by law. Funding for highway programs is directly linked to the revenues raised from taxes paid by highway users. For the past three years we have reaped the benefits of record-level funding for highway programs, enabling us to provide \$9 billion in additional support to highway projects. However, the link between highway taxes and highway spending works both ways. For 2003, the budget reflects a downward adjustment of nearly \$4.4 billion from the base established in the Transportation Equity Act for the 21st Century (TEA-21).

The 2003 budget includes \$4.8 billion for the first full year of funding of the Transportation Security Administration (TSA). The new TSA joins the other DOT operating administrations and will focus on improving security for the traveling public.

Safety

The Department of Transportation's number-one priority continues to be safety. The 2003 budget proposes overall transportation safety funding of \$7.7 billion. Investment in aviation safety, surface transportation safety, and maritime safety is critical to the future success of our transportation system.

Aviation Safety

The proposed budget includes \$4.6 billion for the Federal Aviation Administration's (FAA) primary mission of safety in the skies and on the ground at airports. FAA aims to prevent aviation accidents by reducing air traffic controller and pilot errors and by minimizing aircraft incidents (such as engine failures). Of particular concern is pilot or controller error resulting in "runway incursions" on or near active airport runways. The budget provides \$107 million for the development and use of new technology and systems to help prevent incursion-related accidents. An additional \$122 million is provided to improve pilot and controller training and



increase visibility through improved runway surface markings. In addition, the budget request provides increased funds for other critical safety initiatives such as Safer Skies, which is focused on identifying the causes of aviation accidents and intervening to prevent future accidents.

Surface Transportation Safety

Traffic crashes account for over 90 percent of transportation-related deaths. The Federal Motor Carrier Safety Administration (FMCSA) and the National Highway Traffic Safety Administration (NHTSA) are the two primary DOT operating administrations that regulate highway safety.

- Motor Carrier Safety. Motor carriers represent only 4 percent of all registered vehicles, but are involved in 12 percent of all crashes resulting in a fatality. For motor carrier safety, the budget calls for a total of \$371 million, 8 percent above 2002. The budget provides \$190 million to continue aggressive State enforcement of interstate commercial motor vehicle regulations. Of this amount, \$165 million is dedicated to Motor Carrier Safety Assistance Program (MCSAP) State grants, which will be used to increase the number of compliance reviews in States; identify and apprehend traffic violators; increase the volume of roadside inspections; and improve State commercial driver's license oversight activities. To maintain a strong Federal and State safety enforcement presence at the U.S./Mexico border, \$116 million is requested. The program will support comprehensive Federal and State inspections of Mexican trucks at the border to ensure there is no compromise to motor carrier safety as the Administration maintains its commitment to the North American Free Trade Agreement (NAFTA).



- Motor Vehicle Safety. The budget provides \$205 million for NHTSA's safety research and information programs, and \$225 million for grants to States for their highway safety programs. NHTSA's 2003 budget request supports full implementation of the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act, which provides the opportunity to aggressively issue new rulemakings to develop dynamic rollover tests, improve child safety restraints and resume statutory responsibilities under the Corporate Average Fuel Economy (CAFE) program. The budget request is also designed to intensify NHTSA's efforts in behavioral programs developed to influence the human factors in preventing crash-related fatalities and injuries. Initiatives focus on increasing seat belt usage, child passenger safety, and efforts to reach high-risk impaired drivers and increase zero tolerance enforcement.

- Rail Safety. America's freight and passenger rail system are a crucial part of our National transportation infrastructure. The Federal Railroad Administration's challenge is to ensure a safe operating environment for an increasingly mobile population. To meet this challenge, the 2003 budget request proposes \$163 million for rail systems.
- Pipeline Safety. DOT has made significant improvements to pipeline safety efforts, and the budget provides funding of \$65 million, 10 percent above 2002, to support enhanced Federal pipeline safety efforts. Funding will be used to support expanded research programs to develop new technologies to reveal defects in pipelines before they result in deaths, injuries, and environmental damage.

Maritime Safety

In 2003, the Coast Guard seeks \$920 million to strengthen its capabilities to conduct search and rescues at sea by increasing staff and modernizing equipment. The budget requests \$90 million to fund the Coast Guard's National Distress and Response System (NDRS) Modernization Project, which replaces the 1970s-era National Distress System. This initiative will greatly increase the capability of the Coast Guard to receive signals from mariners in distress and will allow the Coast Guard to communicate and coordinate operations with Federal, state, and local agencies.

Homeland Security

The events of September 11th underscore the importance of transportation security as part of America's homeland security. Protecting airports, seaports, bridges, highways, and mass transportation against the threat of terrorism is imperative. In 2003, added emphasis on this mission will be reflected in resources for personnel, technology and equipment to meet transportation security challenges. The 2003 budget requests \$8.8 billion for homeland security.



The President signed into law on November 19, 2001, the Aviation and Transportation Security Act, establishing the Transportation Security Administration (TSA). The Budget provides \$4.8 billion in total funding for the TSA, \$3.5 billion more than 2002 funding, with an estimated \$2.2 billion of the 2003 costs to be raised through aviation passenger and air carrier fees.

The Aviation and Transportation Security Act imposed tight deadlines and stringent aviation security requirements. The 2003 budget provides funding for the purchase and maintenance of explosive

detection technology so that all baggage loaded in aircraft is screened. The TSA will continue efforts to improve security at airport screening locations and speed the flow of passengers at these checkpoints. During the year, the TSA will complete the hiring of well over 30,000 Federal airport security personnel, including screeners, armed guards, and supervisors for every screening checkpoint.

In addition to its aviation responsibilities, TSA will be the focal point for the security of other sectors of the national transportation system. The Coast Guard will continue to develop and execute the maritime component of homeland security in coordination with TSA. This work is crucial because 95 percent of the Nation's overseas trade moves by water. The Coast Guard will maintain the viability and integrity of the sea transportation system's security by providing additional personnel to increase port security and assess the needs of critical seaports throughout the Nation. The 2003 budget provides \$7.1 billion in funding for Coast Guard, the highest level in Coast Guard history. The budget also proposes a commercial navigational user fee to help pay for increased port security needs, with estimated receipts of \$165 million in 2003.

The 2003 budget requests \$500 million for the Coast Guard's Integrated Deepwater System (IDS) program. IDS is a multi-year performance-based acquisition that will replace or retool the major Coast Guard cutters, offshore patrol boats, fixed-wing aircraft, search and rescue helicopters and their communications equipment, and sensors. This investment will increase the Coast Guard's effectiveness in saving lives, assuring homeland security, and enforcing fisheries, immigration and drug laws at sea, seaports and sea borders.

Mobility

Another major DOT strategic priority is the free flow of passengers and goods. Over the last 20 years, travel for all modes of transportation, especially highway and air, increased significantly. The 2003 budget requests \$38.9 billion to improve mobility.

The 2003 budget proposes \$24.1 billion in Federal funding for highways to identify and construct a mix of locally preferred road projects to reduce congestion and make selective additions of new capacity to the highway system. The amount of Federal funding for highways is tied to the amount of highway-related receipts collected. Each year, highway spending is adjusted to reflect the most recent information on highway-related receipts. In 2000, 2001, and 2002, our Nation has been reaping the benefits of record-level funding for surface transportation as authorized in TEA-21. The guaranteed funding level, tied to Highway Trust Fund receipts, has been providing the States with much needed resources to support the Nation's highway infrastructure as the Congress intended. In 2000 through 2002, these adjustments resulted in an additional \$9 billion for the highway program. However, for 2003, declining fuel tax revenues and other Highway Trust Fund receipts will, for the first time, trigger a downward adjustment in highway program levels. Even so, highway spending will be 41 percent higher than in 1998, the first year of TEA-21. In addition to increasing highway capacity, the Federal Highway Administration has implemented a range of strategies to address

congestion. These include development and deployment of Intelligent Transportation Systems (ITS), which provide more information to drivers faster, enabling them to take the most efficient route of travel.

Even with the events of September 11th, air traffic is expected to continue to increase over the long term and the FAA must continue its efforts to increase the efficiency and capacity of our Nation's aviation system. The 2003 budget request provides an additional \$6 million for enhanced air traffic management, improved weather prediction, and better integration of civilian and military airspace. In addition, the budget provides funds for the Operational Evolution Plan (OEP), which is the agency's 10-year blueprint for a 30 percent increase in efficiency and capacity in the skies by 2010. The budget request also continues funding for the tools needed to increase efficiency in the air traffic control system. Funds are provided for Free Flight activities such as the User Request Evaluation Tool that allows air traffic controllers to give flights more direct routes, saving critical fuel and time for aviation users.

Transit also contributes to reducing road congestion and to enhancing mobility. The 2003 budget provides \$7.2 billion for the Federal Transit Administration to help congested regions buy more buses and build new rail systems and to provide essential transit services throughout the country. Within this amount, the Administration is seeking legislative authority to provide \$145 million for the President's New Freedom Initiative to make transportation more accessible for persons with disabilities.

The Administration believes that passenger train service should be founded on a partnership between the Federal Government, the States and the private sector. Such a partnership would encourage the operation of passenger trains offering high-quality, cost-effective service on viable routes or where the States have determined there is a public need that they are willing to fund. Pending development of a new paradigm for passenger rail service, the budget requests includes \$521 million for passenger rail.

The search for new technological and innovative solutions to our mobility challenges is well supported in the 2003 budget, with investment in technology, research, and development proposed at \$1 billion. Development and increased use of technologies, such as Intelligent Transportation Systems (ITS), are proposed in the 2003 budget. A total of \$177 million is requested for ITS research, operational tests, and deployment to further increase the number of integrated ITS locations.

Environment

DOT's objective is to advance the benefits of transportation while minimizing its negative environmental impacts. No matter how much is done to improve the capacity and efficiency of our transportation system, we cannot consider



our programs to be successful unless we also manage the effects on our environment, and ultimately on our quality of life. The 2003 budget proposes \$3.1 billion for environmental initiatives.

Implementation of environmentally responsible transportation improvements, delivered on time and within budget, is an important component of DOT's vision for all agency programs. Environmental streamlining brings together the timely delivery of transportation projects with the protection and enhancement of the environment. This budget provides \$6 million to identify new, more efficient business processes and cooperatively establish realistic project development timeframes among the full range of transportation and environmental agencies.

The Maritime Administration (MARAD) continues to work diligently to help protect the environment through the disposal of obsolete vessels in the National Defense Reserve Fleet (NDRF). By dismantling six ships in 2001, MARAD reduced some of the greatest environmental threats to our waterways. However, MARAD is still challenged for viable solutions to dispose of the remaining obsolete ships in the NDRF. The \$11 million requested in 2003 will assist MARAD as it continues to pursue disposal alternatives.

Conclusion

The DOT goal is to provide the resources necessary to support our Nation's transportation system. The funding requested in 2003 will help improve transportation safety, enhance homeland security, maintain and expand our transportation infrastructure and increase its capacity, reduce environmental degradation, and improve quality of life for all citizens. The following pages provide highlights of the Department's budget by operating administration.

Technical Notes:

1) The President's 2003 Budget corrects a long-standing understatement of the true cost of literally thousands of Government programs. It distributes to each Department and Agency accruals related to Federal retirement that had previously been centrally funded. For some time, the accruing charge of the Federal Employee Retirement System (FERS) and Military Retirement System (MRS) costs, and a portion of the old Civil Service Retirement System (CSRS) costs, has been allocated to the affected salary and expense accounts, and the remainder (a portion of CSRS, other small retirement systems, and all civilian and military retiree health benefits) has been charged to central accounts. The full cost of accruing benefits should be allocated to the affected salary and expense accounts, so that budget choices for program managers and budget decision makers are not distorted by inaccurate cost information. The budget presents the amounts associated with shifting this cost from central accounts to affected program accounts, starting in 2003. For purposes of comparability we have retrospectively shown these amounts in 2001 and 2002 as well.

2) Tables in this document may include detail that does not add due to rounding.